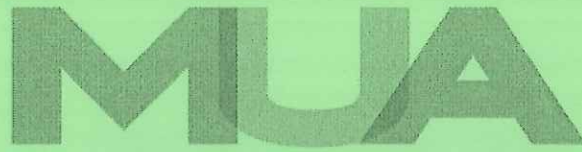


The
Management
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF ARTS IN DEVELOPMENT STUDIES

BDS 309: MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT
(MSME)

DATE: 30TH JULY 2018

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. DO NOT write on this question paper.
3. This paper contains SIX (6) questions.
4. Question ONE is compulsory.
5. Answer any other THREE questions.
6. Question ONE carries 25 MARKS and the rest carry 15 MARKS each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and, answer the questions that follow:

SHADE SYSTEMS EAST AFRICA LIMITED

Shade Systems East Africa Limited was founded by Mr. Eric Kinoti in 2007. Currently it makes sales of over one million annually. It operates in countries like Kenya, Tanzania, Uganda, Rwanda, Burundi, Congo and Sudan. Shade manufactures military and relief tents, branded gazebos, restaurant canopies, car parking shades, marquees, and luxury tents, wedding party tents canvas seats and bouncing castles across the region. Its customers and clients include; Jomo Kenyatta International Airport, Kenya power, Toyota Kenya, Honda motors and Wadi degla, Lounge 254, among others.

Eric, the founder and executive director of Shade Systems Ltd was born and raised in the coastal town of Mombasa. His interest in business began at the age of 10, when he regularly helped as a cashier in his father's shop and in school he was equally entrepreneurial, selling sweets and cakes to his schoolmates. Upon completing college, Eric worked night shifts as a cashier in a hotel in Malindi. During day time he could buy and distribute eggs at a profit to local hotels and save his earnings. A few years later, he moved to Nairobi where he continued distributing milk to hotels in the city. His breakthrough came when he met with a client who did not want foodstuff only but also a tent for an outdoor event. After realizing that the business was booming, Eric decided to venture into tent manufacturing with an amount of Sh 60,000/ \$600 as capital. Nevertheless, the amount was not enough for business activities like logistics. Therefore, he approached a shylock who lent him Sh2 million which changed everything. "I immediately hit the road doing marketing, for my new business and was powered by zeal and passion for self-employment. After two years of poor returns, things started to look up.

Shade systems' first contract involved school supplies, followed by a military tender that saw him pocket over Sh15 million. After several years of hard work, today Eric has clients all over the African continent and is one of the leading manufacturers and suppliers of tents, gazebos, shades and bouncing castles just to mention but a few. Shade Systems Ltd purchases raw materials and customizes them according to customers' specifications. The company imports raw materials from Turkey, South Korea and sometimes uses locally produced ones.

Required:

- a) Explain what could have motivated Eric to start own enterprise (8marks)
- b) Illustrate the importance of Eric's business to his country (8 marks)
- c) Discuss the procedure that Eric should follow to register Shade Systems East Africa Ltd (9 marks)

QUESTION TWO

- a) Explain the form in which an enterprise innovation can take (6 marks)
- b) Enumerate the importance of communication to an entrepreneur (9 marks)

QUESTION THREE

- a) Discuss the effect of "Working/employment History" on entrepreneurial development in Kenya (6 marks)
- b) Highlight the major functions of organizations promoting entrepreneurship in Kenya (9 marks)

QUESTION FOUR

- a) Explain the importance of Entrepreneurship Diversity to a country (8 marks)
- b) Discuss the composition and legal implications of a limited partnership (7 marks)

QUESTION FIVE

- a) Explain the purpose of a business plan to an entrepreneur (5marks)

- b) To succeed in their enterprises, entrepreneurs need training on how to manage their employees. Discuss any five methods of training available to their developers (10marks)

QUESTION SIX

- a) Explain the term intrapreneurship (3 marks)
b) Discuss the three stages of the product identification process (12 marks)